

GLOBAL GOVERNANCE

Labour is not a commodity

09/12/2018 – by Raymond Saner

The International Labour Organization (ILO) was created in 1919 at the end of World War I. Its establishment was part of the Treaty of Versailles. The initial ILO statutes pointed out that lasting peace depends on social justice. To stay relevant, the ILO must now rise to huge challenges and contribute to solve the socio-economic problems humanity is facing today.

In the first four months of 1919, a commission representing nine countries drafted a constitution for the new agency. Having lost the war, Germany and Austria were not involved. The text subsequently became Part XIII of the peace treaty signed in Versailles. The first annual conference of the newly created ILO was held in Washington in October 1919. Since 1920, it has been based in Geneva.

For tangible political reasons, social justice was the dominant topic in 1919. Europe was facing revolutionary unrest. The war had caused horrific destruction and suffering. After four years of bloodshed, workers unions went on strike. Compounding the problems, however, they were split between those who had joined their respective country's war ambitions and those who had opposed the war.

In late 1918, revolutionary uprisings toppled the emperors of Germany and Austria. In Russia, the Bolsheviks had ended the czar's rule one year earlier. Industry leaders wanted the upheavals to end. In their eyes, it made sense to improve working conditions by taking steps towards more social justice. Indeed, there were even proposals to call the new institution the International Organisation for Social Justice.

There were competing ideas on what an international body should do. Socialists and Social Democrats were keen on establishing an international trade union.



By contrast, Samuel Gompers convinced US President Woodrow Wilson that an international agency was needed to tackle social problems in ways that were consistent with market economies. A former member of the British parliament, Gompers had moved to the USA and become the first leader of the American Federation of Labour (AFL). His views were resolutely anti-communist and anti-socialist, so he did not want to leave labour issues to leftists.

Tripartite approach

Indeed, the ILO always rejected socialist ideas of nationalising industry. From the start, its approach was tripartite, involving governments, labour unions and employers associations. The idea was that social justice would result from the cooperation of these three parties, which make up the membership of the ILO.

They debate issues and then propose solutions which can either be achieved through new legislation (concerning governmental health insurances, for example) or by the collective bargaining of labour unions and industry associations (concerning things like wages or the duration of vacations). In the early 20th century, the tripartite setting was innovative. It fast proved useful to involve all relevant parties in the social-justice debate.

Of course, the ILO had to face many political challenges. For example, free-trade unions clashed with those from totalitarian regimes, including the Stalinist Soviet Union, Fascist Italy and from 1933 on Nazi Germany. After World War II, tensions between east and west marked the cold war era. The tripartite approach actually delivered good results in western Europe and North America. In the cold war era, workers tended to be more prosperous in western than in eastern Europe.

As overthrowing capitalism was not on its agenda, the ILO was an ally of the west in the ideological battles of the cold war. The top leaders of the ILO were former government officers or policymakers from western countries. That only changed when Guy Ryder was elected director general of the ILO in 2012. He is a trade-union leader and had served as the general secretary of the International Confederation of Free Trade Unions.

Today, the ILO has 187 member states. Its most important achievements are the core labour standards which are spelled out in several international conventions. The standards include:

- freedom of association and the right to collective wage bargaining,
- the elimination of forced and compulsory labour,
- the effective abolition of child labour,
- the elimination of discrimination in respect to employment and occupation and
- internationally recognised labour rights, including the right to a living wage, a regular working week of not more than 48 hours, no forced overtime, safe and healthy workplaces as well as a recognised employment relationship with social protection.

For practical purposes, however, the standards remain aspirational in many countries. Important powers such as the USA, China and India have not ratified all of them. Moreover, various countries do not comply with obligations they signed up to. Internationally, moreover, labour unions have been losing influence for decades, and social-protection policies have been weakened. The reasons include the success of market-orthodox ideology, globalisation and – more recently – right-wing populism.

In the advanced economies, the distinction between employment and self-employment have been blurring, and in recent years, digitalisation became an important driver of this trend. Platform economies, part-time jobs, flexibilisation, renewed pauperisation and de-industrialisation mean that masses of people in rich nations no longer enjoy the kind of social protection that was taken for granted a generation ago. A new understanding of social justice and labour relations is needed. In developing countries and emerging markets, moreover, informal employment means that masses of people have no social safety nets apart from the support their families and communities grant them.

The World Bank has discussed these issues in its most recent World Development Report, and one of its proposals is that, in the future, state agencies should provide universal social protection regardless of a person's employment status (see [Hans Dembowski in focus section of D+C/E+Z e-Paper 2018/11](#)). Obviously, the ILO must rise to these challenges too.

The missing partners on the GB (Governance Board) are the cooperatives and civil society. In many countries, cooperatives generate between seven to 14 % of GDP, have impressively high levels of employment and contribute to social inclusion and social cohesion. The ILO is the only international organisation which has a unit that is devoted to cooperatives, but the cooperatives are not included in the GB as equal partners together with governments, employers' associations and labour unions.

Huge challenges thus lie ahead for the ILO. To remain relevant, the ILO needs to rethink and redefine its structure, mission and advocacy role. The reform agenda must have several items that regard the organisation's governance, membership and means of rule enforcement ([see my other article](#)).

Limits of tripartite action

The most important question is probably whether the tripartite setting is still adequate. It was an important innovation initially. It proved a useful setting not only for discussing issues of labour rights and social justice, but also for negotiating legal standards. The approach's limits are becoming ever more evident, however.

Part of the problem is that it is ill-equipped to deal with informal employment, which is not registered by government agencies, not provided by regular companies and hardly represented by trade unions. Moreover, experience shows that the tripartite setting has increasingly become skewed to the benefit

of employers. The most important reasons are that:

- governments are keen on low labour costs in order to keep economies competitive and attract foreign investors,
- labour legislation thus makes it hard for trade unions to organise and go on strike, and
- social protection is often considered a reward for successful development rather than an important foundation of development (see [Markus Loewe in focus section of D+C/E+Z e-Paper 2018/11](#)).

Indeed, some even think that some core labour standards have become issues of controversy. Employer associations increasingly oppose workers' right to go on strike, for example. Employers' representatives, moreover, are becoming ever more unwilling to discuss matters like the living wage even though the concept itself was mentioned in some of the earliest ILO documents.

As the ILO gets ready to celebrate its 100 year anniversary, it makes sense to reconsider why it was established in the first place. Social justice is indeed the foundation of peace. The ILO vision was depicted in paintings and frescos in its original building, which today serves as headquarters for the World Trade Organization (WTO). The old images have recently been restored. Their style and subjects reflect the early 20th century, showing workers and farmers living decent lives. And the inscription on the large monument in front of the building states that labour "is not a commodity" (Le travail "n'est pas une merchandise").

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